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Financial Highlights

Atlantic Sugar Refineries Co. Limited
and Subsidiaries

| Operating Summary | 1969 \$ | 1968 \$ |
|------------------------------------|------------|------------|
| Sales | 64,428,017 | 51,963,102 |
| Net earnings | 5,317,304 | 2,022,056 |
| Common Shares | | |
| Earnings per share | 82¢ | 23¢ |
| Dividends paid per share | 25¢ | 43¾¢ |
| Financial Condition | | |
| Working capital | 14,990,163 | 10,773,344 |
| Capital expenditures | 475,331 | 1,192,678 |

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The President's Letter



W. J. R. Paton,
President and General Manager

In our letter to shareholders one year ago we stated "It is our considered opinion at this time that 1969 consolidated earnings will be much improved over those obtained in the year ended December 31, 1968."

The Financial Statements for the fiscal year ended December 31, 1969 submitted herewith show marked improvement in all areas.

1969 earnings per common share on the recommended tax allocation basis are 82¢ as compared to 4.5¢ on the same basis for 1968 and 23¢ on the flow-through basis applied in 1968.

Working Capital increased to \$14,990,000 from \$10,770,000.

Gross sales increased to \$64,430,000 in 1969 as against \$51,960,000 in 1968.

Earnings before income taxes amounted to \$9,020,000 in 1969 as against \$4,720,000 in 1968 and Retained Earnings increased to \$29,060,000 from \$26,280,000.

The major contributors to the improvement were our Fish and Pulp Divisions. Sugar had another satisfactory year.

At year end there were over 8,400 owners of Common shares resident in Canada, holding over 98% of the issued stock. Some 95% of the work force, over 2,000 employees, is located in the Atlantic Provinces and our investment in plant there approaches \$100,000,000.

Some 75% of our refined sugar production is sold in Ontario and Quebec. Practically all our pulp and groundfish production is sold in the U.S.A., Europe, South America and elsewhere outside of Canada. A recent article in the *Atlantic Advocate* described your Company as "Pillar of the Atlantic Provinces".

SUGAR

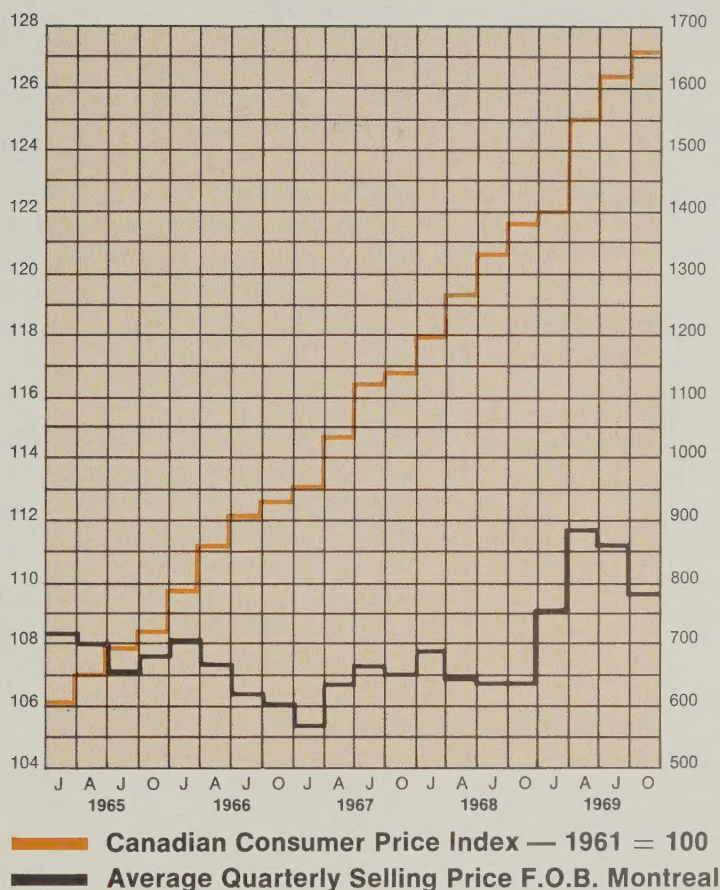
1969 marked the first year of the International Sugar Agreement. We had no difficulty operating under its terms and conditions and supplies for 1970 have been arranged. Our sales outlook is satisfactory with a slightly higher than normal "order book". Our labour contract at the Saint John Refinery was revised and renewed to August 31, 1971.

The existing Canadian sugar tariffs have been in effect for some forty years. Because of this and possible changes brought about by the new International Sugar Agreement, Tariff Board hearings have been held reviewing the entire subject of Canadian Sugar Tariffs. Your Company presented a Brief recommending a reduction in raw sugar tariffs for refining purposes and has promised to pass on any resulting cost reduction to its customers. Contrary to popular belief the Canadian sugar refining industry has negligible protection against foreign refined sugar.

Consequently our Brief recommended additional protection against imports but in such a manner that no price increases in Canadian refined sugar would result. Hearings are completed and we expect changes, if any, to be announced by year end.

During 1969 the Federal Government imposed a ban on the use of cyclamates for sweetening purposes. We concur with the action taken but do not expect a dramatic increase in Canadian sugar consumption.

We would draw your attention to the following chart which compares the price of refined sugar in Canada over the past 5 years with the consumer price index. Credit for holding the price line on such an important commodity is shared by the highly efficient Canadian sugar refining industry and the enlightened policies of our Federal Government.



PULP

The long awaited turnabout in demand and prices for groundwood pulp occurred in 1969. Coincidentally our plant and people were at the stage where we could outturn a high quality product at full capacity and reasonable cost. Sales and production tonnages increased some 40% in 1969 over 1968.

Average net mill return per ton increased about 10% and unit costs decreased over 5%. We begin 1970 in a strong position and confidently forecast a profitable operation. Our Pulp mill labour agreement expires December 31, 1971.

GROUND FISH

The year 1969 marks the first year in which a profit was made in our Groundfish operations.

Notwithstanding the impact of plant payments beginning in 1970 we are confident of continuing earnings improvement. All ten of our trawlers are now in regular service, the Plant is becoming more efficient and prices have improved considerably. The following illustrates the recent price trend:

| | Sept. 69 | Dec. 69 | Feb. 70 |
|--------------------------|----------|---------|---------|
| (cents per pound) | | | |
| Cod | | | |
| Blocks . . . | 24 | 26 | 27 |
| 5 lbs. . . . | 29 | 31 | 32 |
| 1 lb. | 30 | 33 | 34 |
| Sole and Flounder | | | |
| Blocks . . . | 43 | 43 | 43 |
| 5 lbs. . . . | 49 | 50 | 53 |
| 1 lb. | 50 | 51 | 53 |

We believe that the price-support program initiated by our Federal

Government in 1969 and other actions taken by both Federal and Newfoundland Governments have made an important contribution to the improvement in the Industry's economy, particularly with regard to Cod prices. A new labour contract, terminating September 30, 1971 was concluded without major incident.

Our Toronto offices will be closed at midyear. The work force will be absorbed into Montreal plus new general offices at St. John's, Newfoundland and a small direct sales office in the Boston-Gloucester area. We gain some direct economy from this change but more importantly we will have a more efficient, cohesive organization.

TUNA

1969 case sales were below budget but close to 20% over 1968 results. Pet food sales were well above both budget and the previous year. Even though 1969 results show a considerable improvement and further improvement is expected in 1970, our tuna operations are still losing money. The major factor affecting our costs is the operation of the seiners. During 1969 we laid up three boats as an economy measure. Our experience with the two boats that operated throughout 1969, under a new organizational setup, has encouraged us to place an additional seiner into service in 1970. In addition to the organization changes made, we have authorized some minor changes that we feel confident will result in better fishing results in 1970. Coincidental with the closing of the Groundfish offices in Toronto the Tuna staff will relocate at Sugar's Executive Offices in Montreal.

DIRECTORS

During 1969 your Company lost the services of two valued Directors. Mr. J. M. Roberts passed away and Mr. B. H. Rieger resigned because of pressures of business. Both gentlemen contributed greatly to the work of the Board of Directors and their wise counsel will be missed.

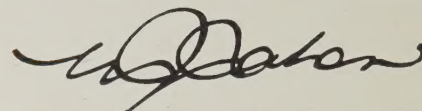
1970 marks an anniversary for one of your long-time Directors. The Honourable Salter A. Hayden, Q.C. has served this Company for thirty years and a predecessor Company for ten years, making a total of forty years of service as Director, legal counsel and Officer. His contribution to the successful conduct of the affairs of the Company over the entire forty year period has been outstanding.

PERSONNEL

In a time of growing collectivism we are dedicated to the worth of the individual. Progress is made by the efforts of motivated men and women who, with creativity and energy, serve this Company and advance their own interests. Our people's expertise in Sugar is widely recognized and we are striving for and approaching the same excellence in Fish and Pulp. Our role in the community goes beyond simply providing employment. We are committed to training individuals to qualify for jobs, and to upgrade themselves for positions of greater responsibility within the Company. We welcome and are participating in the Federal and various Provincial plans directed to employee training and re-training.

We extend sincere appreciation to the entire work force for its contribution to 1969's improved performance.

Respectfully submitted,



Directors and Officers

Directors

Maurice Archer, Montreal
*Vice President, Research and Development,
Canadian National Railways*

Lewis H. M. Ayre, St. John's, Nfld.
*Chairman and President,
Ayre & Sons, Limited*

R. O. Bull, Sidney, British Columbia
Director

Etienne Crevier, Montreal
*President,
The Provident Assurance Company*

James H. Gairdner, Toronto
President, Trafalgar Investments Co. Limited

* John S. Gairdner, Toronto
*Chairman of the Board,
Gairdner & Company Limited*

J. H. Hawke, Toronto
President, The Glengair Group Limited

*Hon. Salter A. Hayden, Q.C., Toronto
Senior Partner, McCarthy and McCarthy

Gerald F. Hayden, Q.C., Toronto
Partner, McCarthy and McCarthy

*W. J. R. Paton, Montreal
*President and General Manager,
Atlantic Sugar Refineries Co. Limited*

Hon. Nelson Rattenbury, Saint John, N.B.
President, Northern Industries Limited

R. H. Weir, Montreal
*Secretary,
Atlantic Sugar Refineries Co. Limited*

*Member of Executive Committee

Officers

John S. Gairdner,
Chairman of the Board

W. J. R. Paton,
President and General Manager

Hon. Salter A. Hayden, Q.C.,
Vice President

E. V. Burgess,
Vice President, Marketing

J. B. Eldridge,
Vice President, Production

L. E. Labrosse,
Vice President, Finance

G. E. Waring,
Vice President, Executive Assistant

R. G. Munro,
Treasurer

R. H. Weir,
Secretary

G. F. Hayden, Q.C.,
Assistant Secretary

Executive Office:

5660 Ferrier Street, Montreal 307

Directors

Atlantic Sugar Refineries Co. Limited



John S. Gairdner,
Chairman



Maurice Archer

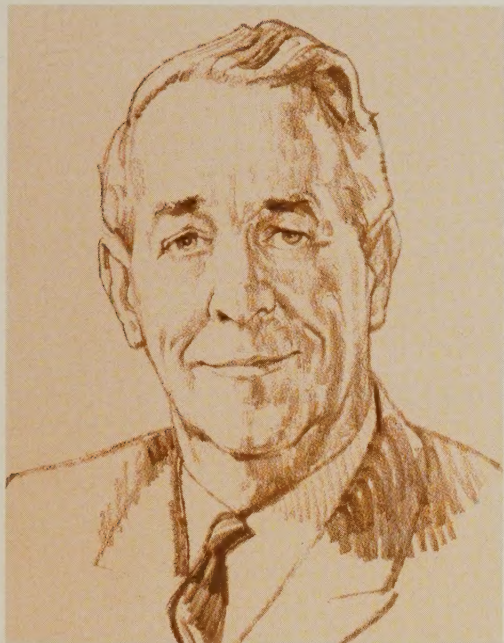


James H. Gairdner



J. H. Hawke





Lewis H. M. Ayre



R. O. Bull



Etienne Crevier



Hon. Salter A. Hayden, Q.C.



W. J. R. Paton



Hon. Nelson Rattenbury

Atlantic Sugar Refineries Co. Limited

W. J. R. Paton, President

Refines and sells Lantic sugar throughout eastern Canada
Refinery at Saint John, N.B.
Distribution centres at Halifax, Saint John, Montreal and Toronto.
550 employees

Atlantic Fish Processors Co. Ltd.

L. E. Labrosse, President

Catches, processes and sells groundfish under the brand name Ocean Maid.
Processing plant at Marystown, Newfoundland.
Operates 10 stern trawlers owned by the parent Company.
580 employees

Canadian Tuna Company (1965) Limited

L. E. Labrosse, President

Catches, processes and sells tuna under the brand names Bye the Sea and Chicken of the Sea.
Tuna cannery at St. Andrews, N.B.
Operates 5 tuna seiners owned by the parent Company.
130 employees

Acadia Pulp and Paper Limited

J. S. Donaldson, Vice-President and General Manager

Produces flash-dried mechanical groundwood pulp at the largest market groundwood mill in the world at Nelson-Miramichi, N.B.
Exports to all continents, the major portion going to Europe.
700 employees

Ocean Maid Foods, Inc.

Responsible for the marketing and distribution of frozen groundfish throughout the United States under its parent Company's labels, Ocean Maid and Captain's Pantry as well as a number of private labels.

South Nelson Shipping Ltd.

Shipping agent for its parent Company.
Involved with the loading of all ocean freighters at parent Company's wharf.
Regularly gives employment to 80 longshoremen in the Newcastle-Chatham area.

Location of Plants



- 1 Sugar Refinery
Saint John, New Brunswick
- 2 Pulp Mill
Nelson-Miramichi, New Brunswick
- 3 Tuna Cannery
St. Andrews, New Brunswick
- 4 Fish Processing Plant
Marystown, Newfoundland

Comparative Key Data for the Past Ten Years

Earnings Before Income Taxes

See Notes 1 & 4

| | |
|----------------|-------------|
| 1960 | \$4,435,625 |
| 1961 | 4,917,989 |
| 1962 | 5,873,583 |
| 1963 | 6,256,825 |
| 1964 | 5,312,145 |
| 1965 | 8,319,391 |
| 1966 | 7,305,907 |
| 1967 | 8,787,995 |
| 1968 | 4,722,056 |
| 1969 | 9,023,304 |

Earnings Per Common Share

See Notes 1, 2 & 4

| | |
|----------------|--------|
| 1960 | \$.32 |
| 1961 | .37 |
| 1962 | .48 |
| 1963 | .56 |
| 1964 | .58 |
| 1965 | .91 |
| 1966 | 1.04 |
| 1967 | 1.14 |
| 1968 | .23 |
| 1969 | .82 |

Total Dividends Declared

| | |
|----------------|------------|
| 1960 | \$ 870,000 |
| 1961 | 1,410,000 |
| 1962 | 1,860,000 |
| 1963 | 1,950,000 |
| 1964 | 2,310,000 |
| 1965 | 2,400,000 |
| 1966 | 2,940,000 |
| 1967 | 3,210,000 |
| 1968 | 2,825,250 |
| 1969 | 2,247,000 |

Retained Earnings

See Note 4

| | |
|----------------|--------------|
| 1960 | \$15,597,436 |
| 1961 | 16,689,425 |
| 1962 | 17,908,008 |
| 1963 | 19,484,833 |
| 1964 | 20,791,978 |
| 1965 | 23,336,369 |
| 1966 | 26,547,276 |
| 1967 | 31,025,271 |
| 1968 | 26,284,318 |
| 1969 | 29,060,622 |

Capital Expenditures

See Note 4

| | |
|----------------|------------|
| 1960 | \$ 521,283 |
| 1961 | 2,107,225 |
| 1962 | 3,741,498 |
| 1963 | 1,951,818 |
| 1964 | 229,462 |
| 1965 | 5,998,601 |
| 1966 | 6,711,460 |
| 1967 | 5,774,463 |
| 1968 | 1,192,678 |
| 1969 | 475,331 |

Working Capital

See Note 3

| | |
|----------------|--------------|
| 1960 | \$10,691,310 |
| 1961 | 10,962,097 |
| 1962 | 9,535,025 |
| 1963 | 10,382,857 |
| 1964 | 12,000,937 |
| 1965 | 20,339,699 |
| 1966 | 9,063,903 |
| 1967 | 1,262,179 |
| 1968 | 10,773,344 |
| 1969 | 14,990,163 |

Notes:

1. Includes gains on sales of investments and land and on redemption of bonds but not transfers from reserves. No adjustment made for excess depreciation taken in 1962 and 1963.
2. Adjusted for stock-splits.
3. Figures from and including 1966 are on a consolidated basis.
4. Figures from and including 1968 are on a consolidated basis.
5. In 1969 the Company changed to the tax allocation basis in accounting for income taxes.

Consolidated Statement of Earnings

For the year ended December 31, 1969

Atlantic Sugar Refineries Co. Limited
and Subsidiaries

| | 1969 \$ | 1968 \$ |
|---|------------------|------------------|
| Sales | 64,428,017 | 51,963,102 |
| Cost of Sales, Selling, Distribution and General Expenses | 51,378,751 | 44,045,943 |
| Operating Profit before the following items | 13,049,266 | 7,917,159 |
| Income from investments | 314,810 | 239,238 |
| Gain on sale of investments | 4,803 | 45,456 |
| Other income | 110,227 | 90,093 |
| | <u>429,840</u> | <u>374,787</u> |
| | 13,479,106 | 8,291,946 |
| Depreciation | 2,552,431 | 2,058,842 |
| Interest on long-term debt | 1,719,671 | 1,511,048 |
| Loss on sale of fixed assets | 183,700 | |
| | <u>4,455,802</u> | <u>3,569,890</u> |
| | 9,023,304 | 4,722,056 |
| Provision for Income Taxes (note 4) | | |
| Current | 4,000,000 | 2,700,000 |
| Deferred | 294,000 | |
| | <u>3,706,000</u> | <u>2,700,000</u> |
| Net Earnings for the Year | <u>5,317,304</u> | <u>2,022,056</u> |
| Extraordinary Charges | | 3,563,322 |
| Net Result after Extraordinary Charges, resulting from preoperating and start-up expenses incurred in prior years, charged to retained earnings | | <u>1,541,266</u> |

Consolidated Statement of Retained Earnings

For the year ended December 31, 1969

Atlantic Sugar Refineries Co. Limited
and Subsidiaries

| | | |
|---|-------------------|-------------------|
| Balance — Beginning of Year | 26,284,318 | 31,025,271 |
| Net earnings for the year | 5,317,304 | 2,022,056 |
| Transfer from excess of appraised value of fixed assets over cost | | 460,563 |
| | <u>31,601,622</u> | <u>33,507,890</u> |
| Dividends — | | |
| 5% preference shares | 375,000 | 318,750 |
| Class A shares | 522,000 | 481,500 |
| Common shares | 1,350,000 | 2,025,000 |
| | <u>2,247,000</u> | <u>2,825,250</u> |
| Extraordinary charges | | 3,563,322 |
| Commission on issuance of capital stock and other financing expenses | | 835,000 |
| Deferred income taxes (note 4) | 294,000 | |
| | <u>2,541,000</u> | <u>7,223,572</u> |
| Balance — End of Year | <u>29,060,622</u> | <u>26,284,318</u> |

Consolidated Balance Sheet

as at December 31, 1969

*Atlantic Sugar Refineries Co. Limited
and Subsidiaries*

| Assets | 1969 \$ | 1968 \$ |
|--|-------------------|-------------------|
| Current Assets | | |
| Cash and short-term deposits | 4,541,748 | 532,729 |
| Marketable investments — at cost (quoted value — 1969, \$3,428,000; 1968, \$3,373,000) . . . | 4,519,217 | 4,233,157 |
| Accounts receivable — trade | 6,728,203 | 6,928,537 |
| — government grant | | 975,780 |
| Inventories — at the lower of cost or net realizable value | 9,135,666 | 6,269,602 |
| Prepaid expenses | 297,806 | 381,188 |
| | <u>25,222,640</u> | <u>19,320,993</u> |
| Notes Receivable (note 1) | <u>1,074,586</u> | <u>1,074,586</u> |
| Fixed Assets (note 2) | | |
| Land, buildings, timber limits, wharves, plant, equipment, furniture, fixtures and ships | 76,339,135 | 76,313,804 |
| Accumulated depreciation and depletion . . . | 13,393,986 | 10,869,055 |
| | <u>62,945,149</u> | <u>65,444,749</u> |
| | <u>89,242,375</u> | <u>85,840,328</u> |

SIGNED ON BEHALF OF THE BOARD

W. J. R. PATON, Director

SALTER A. HAYDEN, Director

Liabilities

| | 1969 \$ | 1968 \$ |
|--|-------------------|-------------------|
| Current Liabilities | | |
| Bank loans and advances (note 3) | 1,170,861 | 1,375,000 |
| Accounts payable and accrued liabilities | 5,049,573 | 3,731,646 |
| Dividends payable January 2 | 468,000 | 468,000 |
| Income taxes (note 4) | 2,787,664 | 2,349,245 |
| Current portion of long-term debt | 756,379 | 623,758 |
| | <u>10,232,477</u> | <u>8,547,649</u> |
| Long-Term Debt (note 5). | <u>25,664,453</u> | <u>26,647,758</u> |
| | <u>35,896,930</u> | <u>35,195,407</u> |

Shareholders' Equity

Capital Stock (note 6)

Issued and fully paid —

| | | |
|---------------------------------------|------------------|------------------|
| 75,000 5% preference shares | 7,500,000 | 7,500,000 |
| 435,000 Class A shares | 1,910,000 | 1,910,000 |
| 5,400,000 common shares | 100,000 | 100,000 |
| Issued and partly paid — | | |
| 60,000 common shares | 20,000 | 20,000 |
| | <u>9,530,000</u> | <u>9,530,000</u> |

Contributed Surplus (note 7) 13,204,865 13,280,645

Retained Earnings. 29,060,622 26,284,318

Excess of Equity over Cost of Subsidiaries 1,549,958 1,549,958

| | | |
|--|-------------------|-------------------|
| | <u>53,345,445</u> | <u>50,644,921</u> |
| | <u>89,242,375</u> | <u>85,840,328</u> |

Consolidated Statement of Source and Use of Funds

For the year ended December 31, 1969

*Atlantic Sugar Refineries Co. Limited
and Subsidiaries*

| | 1969 \$ | 1968 \$ |
|---|-------------------|-------------------|
| Source of Funds | | |
| Net earnings for the year | 5,317,304 | 2,022,056 |
| Add: Charges not requiring cash outlay — | | |
| Depreciation | 2,552,431 | 2,058,842 |
| Deferred income taxes | (294,000) | |
| | <u>7,575,735</u> | <u>4,080,898</u> |
| Long-term borrowings | 334,100 | 5,046,000 |
| Net proceeds from issue of capital stock | | 5,400,000 |
| Subsidies on ships | | 125,184 |
| Deferred preoperating and start-up expenses | | 50,691 |
| | <u>7,909,835</u> | <u>14,702,773</u> |
| Use of Funds | | |
| Additions to fixed assets — net | 52,831 | 1,192,678 |
| Dividends | 2,247,000 | 2,825,250 |
| Redemption of long-term debt | 1,317,405 | 1,173,680 |
| Reduction on final settlement of an Area Development Grant | 75,780 | |
| | <u>3,693,016</u> | <u>5,191,608</u> |
| Increase in Working Capital | 4,216,819 | 9,511,165 |
| Working Capital — Beginning of Year | <u>10,773,344</u> | <u>1,262,179</u> |
| Working Capital — End of Year | <u>14,990,163</u> | <u>10,773,344</u> |

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Atlantic Sugar Refineries Co. Limited and subsidiaries as at December 31, 1969 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change in the basis of providing for income taxes as described in note 4, in which we concur.

McDonald, Currie & Co.
Chartered Accountants
February 13, 1970

Notes to Consolidated Financial Statements

For the year ended December 31, 1969

Atlantic Sugar Refineries Co. Limited
and Subsidiaries

1. Notes Receivable

This represents \$1,300,000 face value of Atlantic Acceptance Corporation Limited secured notes at a cost of \$1,274,586 less a provision of \$200,000 for anticipated loss.

2. Fixed Assets

(a) Fixed assets are classified as follows:

| | 1969 | | | 1968 |
|--|-------------------|-----------------------------------|-------------------|-------------------|
| | Cost \$ | Accumulated depreciation \$ | Net \$ | Net \$ |
| Land | 1,130,760 | | 1,130,760 | 1,131,847 |
| Buildings | 16,392,519 | 4,437,863 | 11,954,656 | 12,292,480 |
| Timber limits | 480,000 | | 480,000 | 480,000 |
| Plant, equipment, furniture and fixtures | 31,786,316 | 7,195,608 | 24,590,708 | 25,436,413 |
| Ships | 26,549,540 | 1,760,515 | 24,789,025 | 26,104,009 |
| | <u>76,339,135</u> | <u>13,393,986</u> | <u>62,945,149</u> | <u>65,444,749</u> |

(b) The Saint John sugar refinery is carried at values as appraised by Stone & Webster Engineering Corporation as at September 30, 1954 and the Dartmouth property at values as appraised by Canadian Appraisal Company Limited as at October 7, 1939 with subsequent additions at cost, less retirements. All other fixed assets are carried at cost.

3. Bank Loans and Advances

Accounts receivable — trade and inventories have been pledged as security for bank loans of \$767,000 (1968 — \$1,375,000).

4. Income Taxes

In accordance with recommended practice, income taxes for the year have been provided on the tax allocation basis rather than the tax payable basis in effect in 1968 and prior years. Had the recommended practice been adopted in 1968 the provision for that year would have been increased by \$979,000 and the net earnings for the year reduced accordingly.

Depreciation provided in the accounts for the year ended December 31, 1969 exceeded the maximum amount deductible for income tax purposes by \$565,000. In conformity with the tax allocation basis referred to above, the provision for income taxes for 1969 has been reduced by \$294,000 and the net earnings for the year increased accordingly.

The cumulative effect of claiming depreciation for tax purposes in excess of the amount provided in the accounts up to December 31, 1968 was a reduction of \$11,826,000 in income taxes otherwise payable. As this latter amount was not recorded in the accounts of the Company, the decrease of \$294,000 in 1969 has been charged to retained earnings.

5. Long-Term Debt

Classified as follows:

| | 1969 | | | 1968 |
|---|----------------------------|---|----------------------------|----------------------------|
| | Total outstanding \$ | Portion due within one year \$ | Long-term portion \$ | Long-term portion \$ |
| Sinking fund bonds — | | | | |
| Series "A" 4% — maturing in 1974 . . . | 3,998,500 | 200,000 | 3,798,500 | 3,998,500 |
| Series "A" 6¾% — maturing in 1984 . . . | 4,950,000 | | 4,950,000 | 5,300,000 |
| Series "C" 6% — maturing in 1985 (U.S. \$8,836,000) . . . | 9,467,730 | 302,162 | 9,165,568 | 9,467,724 |
| Forward | <u>18,416,230</u> | <u>502,162</u> | <u>17,914,068</u> | <u>18,766,224</u> |

Notes to Consolidated Financial Statements

For the year ended December 31, 1969

Atlantic Sugar Refineries Co. Limited
and Subsidiaries

5. Long-Term Debt (cont'd)

| | | 1969 | | 1968 |
|------------------------|----------------------------|---|----------------------------|----------------------------|
| | Total outstanding \$ | Portion due within one year \$ | Long-term portion \$ | Long-term portion \$ |
| Forward | 18,416,230 | 502,162 | 17,914,068 | 18,766,224 |
| First mortgage bonds — | | | | |
| 6¼% maturing quar- | | | | |
| terly until 1982 . . . | 1,291,135 | 72,787 | 1,218,348 | 1,291,468 |
| 7¼% maturing semi- | | | | |
| annually until 1987 . | 1,455,847 | 43,376 | 1,412,471 | 1,455,847 |
| 8¼% maturing semi- | | | | |
| annually until 1988 . | 4,169,650 | 118,073 | 4,051,577 | 4,169,649 |
| 8¾% maturing semi- | | | | |
| annually until 1988 . | 913,870 | 19,981 | 893,889 | 753,870 |
| 5% and 6¾% notes | | | | |
| payable | | | | 210,700 |
| 8¾% loan maturing 1974 | 174,100 | | 174,100 | |
| | <u>26,420,832</u> | <u>756,379</u> | <u>25,664,453</u> | <u>26,647,758</u> |

6. Capital Stock

(a) The authorized capital stock is as follows:

75,000 5% cumulative redeemable preference shares of \$100 par value (redeemable at \$105)

600,000 Class A \$1.20 cumulative preference shares without par value

9,000,000 common shares without par value

(b) In addition to 5,400,000 common shares issued and fully paid, 60,000 authorized common shares were issued and sold to a former officer of the Company on April 21, 1966 at \$9.33½ each, payable not later than April 21, 1971. Such shares are held in trust and do not qualify for dividends until paid for in full.

(c) 525,000 of the authorized and unissued common shares have been reserved as follows:

i) 450,000 shares for the exercise of warrants issued in 1968 which entitle the holder of each warrant to purchase one share as follows:

Until March 1, 1973 at \$10 per share

Until March 1, 1976 at \$12 per share

Until March 1, 1978 at \$14 per share

ii) 75,000 shares for stock options to key employees. Options have been granted to purchase 42,000 of such shares at \$7 each over a ten-year period terminating in June 1979.

7. Contributed Surplus

The reduction of \$75,780 in contributed surplus during the year relates to final settlement of an Area Development Grant at a correspondingly lower amount than originally recorded.

8. Remuneration of Directors and Officers

The direct remuneration paid by the Company and its subsidiaries during the year to the directors and senior officers amounted to \$339,194 (1968 — \$264,380).

9. Commitments

(a) One of the subsidiary companies has certain contractual obligations for a plant which it occupies at Marystown, Newfoundland which will require annual payments of approximately \$780,000 for a 25-year period commencing June 1970.

(b) The company occupies premises in Montreal under a lease expiring March 31, 1992, at a rental of approximately \$36,000 per annum.

10. Comparison with Previous Year

Certain figures for 1968 have been reclassified to facilitate comparison with 1969.





AR16



ATLANTIC
SUGAR
REFINERIES
CO. LIMITED

SEMI-ANNUAL
REPORT
30 JUNE 1969

ATLANTIC SUGAR
REFINERIES
CO. LIMITED

Interim Report to Shareholders
for the six months ended 30 June 1969

To the Shareholders:

Dear Sir or Madam:

I am pleased to submit, on behalf of the Chairman and Board of Directors, the Consolidated Statement of Earnings and the Consolidated Statement of Source and Use of Funds for the six months ended June 30, 1969. The results of all subsidiaries are incorporated therein.

Provision for 1969 income taxes is on the recommended deferred basis, consequently we have reported the figures for 1968 on both a "restated" basis and "as reported" for easy comparison. In both cases the improvement in 1969 is gratifying.

Performance for the pulp and fish subsidiaries was a major contributor to the improvement in consolidated earnings.

Yours very truly,

President

Montreal, Quebec.
August 1, 1969.

ATLA

**Consolidated Statement of
for the six months ended 30**

(unaudited and subject to year-end

1969

| | |
|--|-------------------------|
| Sales | \$29,176,130 |
| Cost of sales, selling, distribution and general expenses | <u>22,619,150</u> |
| Operating profit before the following items | 6,556,980 |
| Other income | <u>33,730</u> |
| | <u>6,590,710</u> |
| Depreciation | 1,225,927 |
| Interest on long-term debt | <u>867,571</u> |
| | <u>4,497,212</u> |
| Provision for income taxes | <u>2,174,000</u> |
| Net earnings for the period | <u><u>2,323,212</u></u> |
| Earnings per common share | 35¢ |

* In 1969 the Company changed to the recommended deferral
taxes. The 1968 provision has been restated for comparative

IC SUGAR REFINERIES CO. LIMITED
AND SUBSIDIARIES

ngs
1969

ments)

Consolidated Statement of Source and Use of Funds
for the six months ended 30 June 1969

(unaudited and subject to year-end adjustments)

| 1968 * | | Source of Funds | 1969 | 1968 * | |
|-----------|--------------|------------------------------------|------------------|------------------|------------------|
| Restated | As Reported | | | Restated | As Reported |
| 3,557,384 | \$23,557,384 | Net earnings for the period | \$ 2,323,212 | \$ 513,708 | \$ 876,708 |
| 9,867,841 | 19,867,841 | Provision for depreciation | 1,253,247 | 980,464 | 980,464 |
| | | Deferred income taxes | (59,000) | 363,000 | — |
| 3,689,543 | 3,689,543 | Proceeds from long-term | | | |
| 257,572 | 257,572 | financing | 174,100 | 1,702,000 | 1,702,000 |
| 3,947,115 | 3,947,115 | Net proceeds from stock issue | — | 5,400,000 | 5,400,000 |
| 980,464 | 980,464 | | <u>3,691,559</u> | <u>8,959,172</u> | <u>8,959,172</u> |
| 661,943 | 661,943 | Use of Funds | | | |
| 2,304,708 | 2,304,708 | Net additions to fixed assets .. | 218,848 | 711,522 | 711,522 |
| 1,791,000 | 1,428,000 | Dividends | 1,123,500 | 1,701,750 | 1,701,750 |
| 513,708 | 876,708 | Bonds redeemed | 845,256 | 752,052 | 752,052 |
| 3¢ | 10¢ | | 2,187,604 | 3,165,324 | 3,165,324 |
| | | Increase in net working capital .. | 1,503,955 | 5,793,848 | 5,793,848 |
| | | | <u>3,691,559</u> | <u>8,959,172</u> | <u>8,959,172</u> |

sis of accounting for income
oses.

* In 1969 the Company changed to the recommended deferred basis of accounting for income taxes. The 1968 provision has been restated for comparative purposes.

LOOK
FOR THESE
LABELS

